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**MARYLAND COMMISSIONER OF  
FINANCIAL REGULATION**

**ADVISORY NOTICE  
REGULATORY ALERT**

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May 20, 2020

**BOND COVERAGE FOR MORTGAGE LOAN ORIGINATORS EMPLOYED BY  
EXEMPT MORTGAGE COMPANY REGISTRANTS**

Maryland law requires surety bond coverage for all licensed mortgage loan originators (MLOs). Md. Code Ann., Financial Institutions Article (FI) §11-619 specifically provides that each MLO shall be covered by a surety bond in accordance with that section. It further states, “[a] mortgage loan originator who is an employee of a person exempt from licensure under Subtitle 5 of this title may use a surety bond of the person to meet the mortgage loan originator's surety bond requirement, provided the surety bond meets the requirements, based on mortgage loan volume, under §11-508 of this title.”

FI §11-508 specifies that the required bond amount for licensed mortgage lenders is dependent upon loan volume. To determine the necessary bond amount, each lender must submit, at the time of initial application and at each annual license renewal, a sworn statement of loan volume. If the applicant or licensee has conducted mortgage lending business in Maryland at any time during the prior 36 months, the required bond amount is based upon the volume of loans secured by Maryland properties; if the applicant or licensee has engaged in mortgage lending business within the prior 36 months, but has not done so in Maryland, the required bond amount is based upon the volume of loans secured on properties in states other than Maryland. The required bond amounts are as follows:

- For volume of \$3,000,000 or less, \$50,000;
- For volume of more than \$3,000,000 but not more than \$10,000,000, \$100,000;
- For volume of more than \$10,000,000, \$150,000.

In order to ensure that Maryland-licensed MLOs who are employed by exempt mortgage company registrants are in compliance with their bond requirements under FI §11-619, all exempt mortgage lenders who sponsor such MLO's should provide a sworn statement of mortgage loan volume at the time of initial Maryland registration and at each registration renewal, and must provide an electronic surety bond in at least the amount that would be required if the lender were licensed under the Maryland Mortgage Lender Law. Instructions for providing the statement of mortgage loan volume can be found on the applicable Nationwide Multistate Licensing System (NMLS) checklists.

**For existing registrants, the Commissioner's staff will enforce this requirement at your annual registration renewal, beginning with the 2021 renewal period (November 1 through December 31, 2020).** Contact your surety bond provider regarding the electronic surety bond functionality in the Nationwide Multistate Licensing System (NMLS). Most, if not all, major surety companies are able to provide electronic surety bonds.

Questions may be sent to Arlene Williams, Director of Licensing, by telephone at (410) 230-6068 or by e-mail at [arlenef.williams@maryland.gov](mailto:arlenef.williams@maryland.gov).



Office of the Commissioner of Financial Regulation